

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 AGR-10 CEA-01 CIAE-00 COME-00

DODE-00 FRB-01 H-02 INR-07 INT-05 L-02 LAB-04 NSAE-00

NSC-05 PA-02 RSC-01 AID-05 CIEP-02 SS-15 STR-04

TAR-01 TRSE-00 USIA-15 PRS-01 SP-02 FEAE-00 OMB-01

IO-10 XMB-04 /118 W

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R 231210Z JAN 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 7432

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

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E.O. 11652: N/A

TAGS: ETRD, BR

SUBJECT: PRESS REACTION TO TRADE ACT

REF: BRASILIA 0500

1. SUMMARY: PRESS COVERAGE ON THE US TRADE ACT INTENSIFIED OVER THE LAST FEW DAYS FOLLOWING THE RELEASE OF PRESIDENT GEISEL'S LETTER TO VENEZUELAN PRESIDENT ANDRES PEREZ (REFTEL). END DUMMARY

2. O ESTADO DE SAO PAULO OF JANUARY 19 CARRIED A LONG AND EXTREMELY CRITICAL ARTICLE BY ECONOMIC REPORTER ROBERT APPY. ACCORDING TO THE ARTICLE: A) THE US SENATE MUST BEAR THE BLAME FOR MAKING THE ACT EXCESSIVELY PROTECTIONIST -- THE MOST PROTECTIONIST LEGISLATION "SINCE COLBERTISM"; B) THE ACT IS A CONSEQUENCE OF THE WORLD RECESSION AND THE CRISIS OF "WATERGATE" IN THAT IT REDUCES THE POWERS OF THE PRESIDENT; C) PROTECTIONIST MEASURES IN THE ACT OUTWEIGHT THE POWERS OF THE
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PRESIDENT TO REDUCE TARIFFS; D) THE PASSAGE OF THE ACT

DEMONSTRATES THE PREDOMINANCE OF US INDUSTRY LOBBYISTS IN CONGRESS; AND E) ON GSP, THE US IS JUST NOW GETTING AROUND TO GRANTING A SYSTEM OF PREFERENCE THAT THE MAJORITY OF INDUSTRIALIZED COUNTRIES HAVE BEEN GRANTING FOR YEARS. MOREOVER, THE RESTRICTIONS POSED ON THE GRANTING OF GSP ARE MOST DISTURBING TO DEVELOPING COUNTRIES.

3. O ESTADO ALSO CARRIED AN EDITORIAL ON JANUARY 21 ARGUING THAT IN THE CASE OF COFFEE THE US CONGRESS MAY THREATEN TO EXCLUDE BRAZIL FOR THE PREFERENCE SYSTEM IF BRAZIL SIGNS AN AGREEMENT WITH OTHER COFFEE PRODUCING COUNTRIES ON THE SUPPORT OF COFFEE PRICES. THE SAME THREAT MAY BE POSED BY WASHINGTON, IF BRAZIL PARTICIPATES IN MINERAL CARTELS (SUCH AS IRON ORE OR BAUXITE). THE EDITORIAL CONCLUDES BY STATING THAT BRAZIL'S ATTEMPT TO INCREASE EXPORTS OF MANUFACTURED PRODUCTS TO THE US MAY ALSO BE AFFECTED BY THE RESTRICTIONS OF TRADE ACT IMPOSES ON PRODUCTS THAT MAY BE INCLUDED UNDER THE GSP. THIS MAY FURTHER AGGRAVATE BRAZIL'S TRADE DEFICIT WITH THE US.

4. JORNAL DO BRASIL OF JANUARY 19 CARRIED AN ARTICLE QUOTING "A GOB DIPLOMATIC SOURCE" AS SAYING THAT THE VAST NUMBER OF SUBJECTS THAT NEED TO BE DISCUSSED BY LA COUNTRIES WITH THE UNITED STATES REQUIRE A CONTINUATION OF DIALOGUE WITH SECRETARY KISSINGER. ARTICLE CONTINUES THAT THIS POSITION OF BRAZIL IS SHARED BY ARGENTINA; THOUGH BOTH COUNTRIES SUPPORT THE IMPLEMENTATION OF A STRICTLY ECONOMIC ORGANIZATION FOR LATIN AMERICA, NEITHER COUNTRY WOULD EXCLUDE THE PARTICIPATION OF THE UNITED STATES IN THE INTER-AMERICAN SYSTEM AND IN THE OAS. JORNAL'S ARTICLE ALSO POINTED TO GEISEL AND PEREZ' ASSESSMENTS OF THE PROVISIONS OF THE TRADE ACT AS EXAMPLES OF THE DIFFERENCES THAT EXISTS AMONG LATIN AMERICAN COUNTRIES' INTERESTS. IT STATES THAT THESE DIFFERENCES DO NOT DETRACT FROM LATIN AMERICAN JOINT OBLIGATIONS WITH RESPECT TO THE PRINCIPLES OF OAS CHARTER. NEARLY ALL OF THE LA GOVERNMENTS, ACCORDING TO JORNAL, CONSIDER THAT THE TRADE ACT VIOLATES THE OAS CHARTER.

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